Bonanza Creek Energy, Inc.
Form DEF 14A
April 30, 2012

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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

SCHEDULE 14A

Proxy Statement Pursuant to Section 14(a) of
the Securities Exchange Act of 1934 (Amendment No.)

Filed by the Registrant ý

Filed by a Party other than the Registrant o

Check the appropriate box:

o Preliminary Proxy Statement

o **Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**

ý Definitive Proxy Statement

o Definitive Additional Materials

o Soliciting Material under §240.14a-12

Bonanza Creek Energy, Inc.

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

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(1) Amount Previously Paid:

(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:

BONANZA CREEK ENERGY, INC.

410 17th Street
Suite 1400
Denver, Colorado 80202

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS

To the Stockholders of Bonanza Creek Energy, Inc.:

Notice is hereby given that the Annual Meeting of Stockholders of Bonanza Creek Energy, Inc. (the "Company") will be held at the Sheraton Denver Downtown Hotel, 1550 Court Place, Denver, Colorado 80202, on Tuesday, June 12, 2012, 9:00 a.m. local time (the "Annual Meeting"). The Annual Meeting is being held for the following purposes:

1) To elect and classify a board of seven directors;

2) To ratify the selection of Hein & Associates, LLP as the Company's independent registered public accountants for 2012;

3) To approve, on an advisory basis, the compensation of our executive officers as described in the "Executive Compensation and Other Information Compensation Discussion and Analysis" ("CD&A") section of the accompanying proxy statement and the selection of the frequency of stockholder votes on executive compensation as separate voting items:

   (a) the stockholders approve the compensation philosophy, policies and procedures described in the CD&A, and the compensation of Bonanza Creek Energy, Inc.'s named executive officers as disclosed pursuant to the Securities and Exchange Commission's compensation disclosure rules, including the compensation tables; and

   (b) the stockholders of the Company be provided an opportunity to approve the compensation philosophy, policies and procedures described in the CD&A, and the compensation of Bonanza Creek Energy, Inc.'s named executive officers as disclosed pursuant to the Securities and Exchange Commission's compensation disclosure rules, including the compensation tables every:

   One year;

   Two years; or

   Three years; and

4) To transact such other business as may properly come before the Annual Meeting.

These proposals are described in the accompanying proxy materials. You will be able to vote at the Annual Meeting only if you were a stockholder of record at the close of business on April 23, 2012.

By Order of the Board of Directors,

Christopher I. Humber

Senior Vice President, General Counsel & Secretary

Denver, Colorado
April 30, 2012

YOUR VOTE IS IMPORTANT

Please sign, date and promptly return the enclosed proxy card in the envelope provided, or grant a proxy and give voting instructions by telephone or the internet, so that you may be represented at the meeting. Instructions are on your proxy card or on the voting instruction card provided by your broker.

BONANZA CREEK ENERGY, INC.

410 17th Street
Suite 1400
Denver, Colorado 80202

PROXY STATEMENT
2012 ANNUAL MEETING OF STOCKHOLDERS

The Board of Directors of Bonanza Creek Energy, Inc. ("we," "us," "our," "Bonanza Creek" or the "Company" requests your proxy for the Annual Meeting of Stockholders that will be held on Tuesday, June 12, 2012, 9:00 a.m. local time, at the Sheraton Denver Downtown Hotel, 1550 Court Place, Denver, Colorado 80202. By granting the proxy, you authorize the persons named in the proxy to represent you and vote your shares at the Annual Meeting. Those persons will also be authorized to vote your shares to adjourn the Annual Meeting from time to time and to vote your shares at any adjournments or postponements of the Annual Meeting.

If you attend the Annual Meeting, you may vote in person. If you are not present at the Annual Meeting, your shares may be voted only by a person to whom you have given a proper proxy. You may revoke the proxy in writing at any time before it is exercised at the Annual Meeting by delivering to the Secretary of the Company a written notice of the revocation, by submitting your vote electronically through the internet or by phone after the grant of the proxy or by signing and delivering to the Secretary of the Company a proxy with a later date. Your attendance at the Annual Meeting will not revoke the proxy unless you give written notice of revocation to the Secretary of the Company before the proxy is exercised or unless you vote your shares in person at the Annual Meeting.

Stockholders of Record and Beneficial Owners

Most of the Company's stockholders hold their shares through a broker, bank or other nominee rather than directly in their own name. As summarized below, there are some distinctions between shares held of record and those owned beneficially.

Stockholders of Record. If your shares are registered directly in your name with the Company's transfer agent, you are considered the stockholder of record with respect to those shares, and proxy materials are being sent directly to you by our agent. As a stockholder of record, you have the right to vote by proxy or to vote in person at the Annual Meeting. The proxy materials include a proxy card or a voting instruction card for the Annual Meeting.

Beneficial Owners. If your shares are held in a brokerage account or by a bank or other nominee, you are considered the beneficial owner of shares held in "street name," and proxy materials will be forwarded to you by your broker or nominee. The broker or nominee is considered the stockholder of record with respect to those shares. As the beneficial owner, you have the right to direct your broker how to vote. The proxy materials should include a proxy card or a voting instruction card for the Annual Meeting.

QUORUM AND VOTING

Voting Stock. The Company's common stock, par value $0.001 per share, is the only class of securities that entitles holders to vote generally at meetings of the Company's stockholders. Each share of common stock outstanding on the record date is entitled to one vote.

Record Date. The record date for stockholders entitled to notice of and to vote at the Annual Meeting was the close of business on April 23, 2012. As of the record date, 39,477,584 shares of common stock were outstanding and entitled to be voted at the Annual Meeting.

Quorum and Adjournments. The presence, in person or by proxy, of the holders of a majority of the outstanding shares entitled to vote at the Annual Meeting is necessary to constitute a quorum at the Annual Meeting.

If a quorum is not present, a majority of the stockholders entitled to vote who are present in person or by proxy at the Annual Meeting have the power to adjourn the Annual Meeting from time to time, without notice other than an announcement at the Annual Meeting, until a quorum is present. At any adjourned Annual Meeting at which a quorum is present, any business may be transacted that might have been transacted at the Annual Meeting as originally notified.

Vote Required. Directors will be elected by the affirmative vote of the holders of a plurality of the shares present, in person or by proxy, and entitled to be voted at the Annual Meeting. Ratification of the selection of the Company's auditors will require the affirmative vote of the holders of a majority of the shares present and entitled to be voted at the Annual Meeting. Approval of Items 3(a) and (b) require the affirmative vote of the holders of a majority of the shares present and entitled to be voted at the Annual Meeting. An automated system will tabulate the votes. Brokers who hold shares in street name for customers are required to vote shares in accordance with instructions received from the beneficial owners. Brokers are permitted to vote on discretionary items if they have not received instructions from the beneficial owners, but they are not permitted to vote (a "broker non-vote") on non-discretionary items absent instructions from the beneficial owner. Brokers do not have discretionary voting authority with respect to the election of directors. For ratification of the selection of the Company's auditors, brokers will have discretionary authority in the absence of timely instructions from their customers. For approval of Items 3(a) and (b), brokers will not have discretionary authority in the absence of timely instructions from their customers. Abstentions and broker non-votes will count in determining whether a quorum is present at the Annual Meeting. Neither abstentions nor broker non-votes will have any effect on the outcome of voting on director elections or on Items 3(a) or (b). For purposes of voting on the ratification of the selection of auditors, abstentions will be included in the number of shares voting and will have the effect of a vote against the proposal.

Default Voting. A proxy that is properly completed and submitted will be voted at the Annual Meeting in accordance with the instructions on the proxy. If you properly complete and submit a proxy, but do not indicate any contrary voting instructions, your shares will be voted as follows:

FOR the nominees for director named in this proxy statement and their classification as Class I Directors, Class II Directors and Class III Directors, as indicated in this proxy statement;

FOR the ratification of the selection of Hein & Associates as the Company's auditors for 2012; and

(a) FOR the approval of the compensation of our named executive officers, as disclosed in this proxy statement pursuant to the compensation disclosure rules of the SEC and (b) FOR a frequency of "ONE (1) YEAR" for future non-binding "Say on Pay" stockholder votes on compensation of our named executed officers.

If any other business properly comes before the stockholders for a vote at the meeting, your shares will be voted in accordance with the discretion of the holders of the proxy. The Board of Directors knows of no matters, other than those previously stated, to be presented for consideration at the Annual Meeting.

ITEM ONE

ELECTION OF DIRECTORS

Commencing with the Annual Meeting, the Company's certificate of incorporation provides for the division of the Company's Board of Directors into three approximately equal classes. At the Annual Meeting, the persons named below will be nominated on behalf of the Board of Directors for election to each of the three classes. The Board of Directors has established the classes as follows: two directors in each of Class I and Class II and three directors in Class III. The term of office for Class I directors will expire at the Annual Meeting of Stockholders to be held in 2013, the term of office of Class II directors will expire at the Annual Meeting of Stockholders to be held in 2014, and the term of office of Class III directors will expire at the Annual Meeting of Stockholders to be held in 2015. Each director elected at the Annual Meeting will serve for the term described above or until his or her successor is duly elected and qualified. At each succeeding annual meeting, directors elected to succeed those directors whose terms then expire will be elected for a full term of office to expire at the third succeeding annual meeting of stockholders after their election.

The Board of Directors has nominated the following individuals for election as Class I Directors of the Company to serve for a one year term to expire in 2013 and until either they are re-elected or their successors are elected and qualified:

Todd A. Overbergen
Gregory P. Raih

The Board of Directors has nominated the following individuals for election as Class II Directors of the Company to serve for a two year term to expire in 2014 and until either they are re-elected or their successors are elected and qualified:

Gary A. Grove
Kevin A. Neveu

The Board of Directors has nominated the following individuals for election as Class III Directors of the Company to serve for a three year term to expire in 2015 and until either they are re-elected or their successors are elected and qualified:

Richard J. Carty
Marvin M. Chronister
Michael R. Starzer

Messrs. Carty, Chronister, Grove, Neveu, Overbergen, Raih and Starzer are all currently serving as Directors of the Company. Their biographical information is contained in the "Directors and Executive Officers" section below.

The Board of Directors has no reason to believe that any of its nominees will be unable or unwilling to serve if elected. If a nominee becomes unable or unwilling to accept nomination or election, either the number of the Company's Directors will be reduced or the persons acting under the proxy will vote for the election of a substitute nominee that the Board of Directors recommends.

Recommendation of the Board of Directors

The Board of Directors unanimously recommends that for Item 1 stockholders vote "FOR" the election of each of the nominees.

DIRECTORS AND EXECUTIVE OFFICERS

After the Annual Meeting, assuming the stockholders elect the nominees of the Board of Directors as set forth in "Item One Election of Directors" above, the Board of Directors of the Company will be, and the executive officers of the Company are:

Name	Age	Title
Richard J. Carty(1)(2)(3)(4)	43	Chairman of the Board
Marvin M. Chronister(1)(3)(4)(5)	61	Director
Kevin A. Neveu(2)(5)	51	Director
Todd A. Overbergen(2)(4)	46	Director
Gregory P. Raih(1)(3)	65	Director
Michael R. Starzer	50	Director, President and Chief Executive Officer
Gary A. Grove(5)	51	Director, Executive Vice President Engineering and Planning, Interim Chief Operating Officer
James R. Casperson	64	Executive Vice President and Chief Financial Officer
Patrick A. Graham	51	Executive Vice President Corporate Development
Christopher I. Humber	39	Senior Vice President, General Counsel and Secretary

(1) Member of the Audit Committee.

(2) Member of the Compensation Committee.

(3) Member of the Nominating and Governance Committee.

(4) Member of the Reserve Committee.

(5) Member of the Environmental Safety & Regulatory Compliance Committee.

The Company's Board of Directors currently consists of seven members. Commencing with the Annual Meeting, the Company's certificate of incorporation provides for the division of the Company's Board of Directors into three approximately equal classes. The Board of Directors has established the classes as follows: two directors in each of Class I and Class II and three directors in Class III. The term of office for Class I directors will expire at the Annual Meeting of Stockholders to be held in 2013, the term of office of Class II directors will expire at the Annual Meeting of Stockholders to be held in 2014, and the term of office of Class III directors will expire at the Annual Meeting of Stockholders to be held in 2015. Each director elected at the Annual Meeting will serve for the term described above or until such director's successor is duly elected and qualified. At each succeeding annual meeting, directors elected to succeed those directors whose terms then expire will be elected for a full term of office to expire at the third succeeding annual meeting of stockholders after their election.

Set forth below is biographical information about each of the Company's Directors, nominees for Director and executive officers.

Richard J. Carty was elected to our Board of Directors in December 2010. Since 2009, Mr. Carty has been President of West Face Capital (USA) Corp, an affiliate of West Face Capital Inc. ("West Face Capital"), a Toronto-based investment management firm, and has served on the board of directors of portfolio companies on behalf of West Face Capital. Prior to that time, Mr. Carty was a Managing Director of Morgan Stanley Principal Strategies in New York where he led the Special Situations, Strategic Investments, and Global Quantitative Equity investment teams. Mr. Carty was at Morgan Stanley & Co. for 14 years in New York, and prior to that time was a partner at Gordon Capital Corp, a private Toronto-based investment bank for five years. We believe Mr. Carty's extensive asset management, capital markets, investment banking, and private equity experience bring important and valuable skills to our Board of Directors.

Marvin M. Chronister was elected to our Board of Directors in March 2011. Mr. Chronister has over 30 years of experience in the oil and gas industry. Since 2006, Mr. Chronister has been an independent investor and energy finance and operations consultant for Enfield Companies. Prior to that, he held numerous positions in the oil and gas industry and investment banking. Mr. Chronister also serves on the board of directors of Sonde Resources Corporation. Mr. Chronister holds a Bachelor of Business Administration degree from Stephen F. Austin State University. We believe Mr. Chronister's extensive experience in the oil and gas industry, as well as his financial and accounting experience, brings important and valuable skills to our Board of Directors.

Kevin A. Neveu was elected to our Board of Directors in March 2011. Mr. Neveu has over 30 years of experience in the oil and gas industry. Currently, Mr. Neveu serves as a director, President and Chief Executive Officer of Precision Drilling Corporation where he has served as a director and CEO since 2007 and was additionally elected President in 2009. Mr. Neveu was previously President of the Rig Solutions Group of National Oilwell Varco, where he was responsible for the company's drilling equipment business. Beginning in 1982, Mr. Neveu held senior management positions with National Oilwell Varco and its predecessor companies in London, Moscow, Houston, Edmonton and Calgary. Mr. Neveu holds a Bachelor of Science degree and is a graduate of the Faculty of Engineering at the University of Alberta. Mr. Neveu is a Professional Engineer, as designated by the Association of Professional Engineers, Geologists and Geophysicists of Alberta and has attended the Advanced Management Program at the Harvard Business School. Mr. Neveu serves on the boards of RigNet Inc., the Heart and Stroke Foundation of Alberta and the International Association of Drilling Contractors. We believe Mr. Neveu's extensive experience in the oil and gas industry as well as his experience on the boards of directors of public energy companies bring substantial leadership and experience to our Board of Directors.

Todd A. Overbergen served on the board of managers of our predecessor, Bonanza Creek Energy Company, LLC ("BCEC"), from 2008 until 2011 and became a director of the Company upon its inception. Since 2012, Mr. Overbergen has been a founding partner of Stellus Capital Management, an energy focused private equity firm, and head of its Energy Private Equity strategy. Mr. Overbergen joined the D. E. Shaw Group in February 2004 and was Head of Energy and a Director in the Direct Capital Unit of the D. E. Shaw Group until January 2012 when he left to co-found Stellus. From December 2000 to April 2003, Mr. Overbergen was a principal at Duke Capital Partners LLC, a merchant banking subsidiary of Duke Energy Corporation that provided mezzanine, equity, and senior debt capital to the energy industry. From 1998 to December 2000, Mr. Overbergen was a director in Arthur Andersen LLP's Global Corporate Finance group, where he co-led the national business services practice and provided investment banking services on mergers, acquisitions, and private market capital raising of debt and equity. Mr. Overbergen serves on the board of directors of numerous existing D. E. Shaw Group portfolio companies and has served on the board of directors of several previous portfolio companies of the D. E. Shaw Group and Duke Capital Partners LLC. Mr. Overbergen is a member of the Houston Producers Forum and Independent Petroleum Association of America. Mr. Overbergen holds two Bachelor of Business Administration degrees in finance and accounting from Texas A&M University. We believe Mr. Overbergen's extensive financial, accounting, merchant banking and private equity experience, as well as his extensive experience in the energy sector, bring important and valuable skills to our board of directors.

Gregory P. Raih was elected as a member of our Board of Directors in November 2011. Mr. Raih has nearly 40 years of experience in finance and accounting in the public and private sectors and extensive experience with the oil and gas industry. Since 2010, Mr. Raih has served on the board of directors of General Moly, Inc. (AMEX: GMO), a U.S.-based mineral company engaged in the exploration, development and mining of molybdenum. Mr. Raih served as partner at KPMG LLP from 2002 until his retirement in 2008 and held a variety of roles as partner at Arthur Andersen LLP from 1981 to 2002. He served in the energy practice of both firms as the engagement partner on a number of clients in the oil and gas industry. Mr. Raih is a graduate of the University of Notre Dame. He is also a member of the American Institute of Certified Public Accountants and the Colorado Society of Certified Public Accountants. We believe that Mr. Raih's financial and accounting experience, as well as his broad experience with the oil and gas industry, brings important and valuable skills to our Board of Directors.

Michael R. Starzer is a member of our Board of Directors and is our President and Chief Executive Officer. Mr. Starzer served as a member of the board of managers and President and Chief Executive Officer of our predecessor BCEC since BCEC's formation in 2006. Mr. Starzer has over 28 years of experience in the oil and gas industry. Mr. Starzer has served in numerous positions in the oil and gas industry evaluating and developing oil, gas, electricity and geothermal resources. From 1983 to 1991, Mr. Starzer was employed by Unocal in various engineering and supervisory positions. From 1991 until 1993, Mr. Starzer served with the California State Lands Commission as Statewide Petroleum Reservoir Engineer and worked as a private consultant to the energy industry supervising operations and appraisals of oil, gas and geothermal resources on properties throughout the United States. In 1993, Mr. Starzer returned to Unocal as an Asset Manager assisting them with the sale and management of certain assets. Starting in 1995, Mr. Starzer served as an Officer, Manager and Vice President of Berry Petroleum until co-founding Bonanza Creek Oil Company, LLC ("BCOC"), a predecessor, in 1999. Mr. Starzer holds a degree in Petroleum Engineering from the Colorado School of Mines and a Master of Science degree in Engineering Management from the University of Alaska and is a registered professional engineer in petroleum engineering. We believe Mr. Starzer's extensive experience in the oil and gas industry, his leadership positions at other oil and gas companies and his knowledge regarding our business and operations bring important experience and leadership to our company and our Board of Directors.

Gary A. Grove is a member of our Board of Directors and is our Executive Vice President Engineering and Planning and Interim Chief Operating Officer. Mr. Grove joined BCOC in March 2003 and served as a member of the board of managers and as Executive Vice President and Chief Operating Officer of BCEC. Mr. Grove has over 29 years of experience in the oil and gas industry serving in reservoir engineering and management positions with Unocal and Nuevo Energy prior to joining us. Mr. Grove graduated from Marietta College in 1982 with a Bachelor of Science degree in Petroleum Engineering. Mr. Grove is an active member with the Society of Petroleum Engineers and has served in various capacities for student and local chapters since 1979. We believe Mr. Grove's extensive experience in the oil and gas industry and his knowledge regarding our business and operations brings important experience and leadership to our Board of Directors.

James R. Casperson was appointed Executive Vice President and Chief Financial Officer effective as of October 31, 2011. He previously served on our Board of Directors, Chairman of our Audit Committee and a member of our Reserve Committee beginning in March of 2011. Mr. Casperson has over 30 years of experience in the oil and gas industry and finance and accounting in the public and private sectors. Prior to joining us, Mr. Casperson was a private consultant to the energy industry in finance and accounting matters since 2009. From 2005 until 2008, he was the Chief Financial Officer of Ellora Energy and, from 2000 until 2005, the Chief Financial Officer of Whiting Petroleum Corporation. Before joining Whiting, Mr. Casperson spent 15 years as President of Casperson Incorporated, a private consulting firm specializing in the energy industry. Mr. Casperson holds a BBA in Accounting from Texas Tech University.

Patrick A. Graham joined BCOC in November 2001, served as a Senior Vice President of BCEC and currently serves as our Executive Vice President Corporate Development. From 1995 to 2001, Mr. Graham was employed by Berry Petroleum Company where he evaluated acquisition opportunities in California, the Rocky Mountain region and Canada. Mr. Graham gained experience working with major and independent oil companies while employed with Dowell Schlumberger from 1986 to 1995. Mr. Graham received his Bachelors of Science degree in Petroleum Engineering from Texas A&M University and has held various technical positions in Utah, Colorado, New Mexico, California and Alaska.

Christopher I. Humber has served as Senior Vice President, General Counsel and Secretary of the Company since January 1, 2012. Before joining us, Mr. Humber was a practicing attorney focusing on mergers and acquisitions and corporate finance matters for public and private companies, most recently as a partner with the law firm Kendall, Koenig & Oelsner PC in Denver, Colorado where he served as our outside counsel since 2006. Prior to that, he was an associate with the law firm Hogan & Hartson LLP (now Hogan Lovells) in Denver, Colorado and with the law firm Arnold & Porter LLP in Washington, D.C. and McLean, Virginia. Mr. Humber graduated with high honors from Emory University School of Law and holds a B.A. in Biology from the University of Colorado at Boulder.

MEETINGS AND COMMITTEES OF DIRECTORS

The Board of Directors of the Company held 10 meetings during 2011, and its non-executive Directors met in executive session two times during 2011. During 2011, each Director attended at least 75% of the meetings of the Board of Directors and all committees of the Board of Directors on which that Director served, held after such Director's appointment.

The Board of Directors has five standing committees: the Audit Committee, the Compensation Committee, the Nominating and Governance Committee, the Reserve Committee and the Environmental Safety and Regulatory Compliance Committee. Each Committee has adopted a formal charter detailing such Committee's duties, functions and responsibilities. The charters for the Audit Committee, Compensation Committee and the Nominating & Governance Committee are posted on the Company's website, www.bonanzacrk.com, and such charters are drafted in a manner consistent with the regulations of the SEC and standards of the New York Stock Exchange ("NYSE").

Audit Committee

The members of our Audit Committee are Messrs. Raih (Chairman), Carty and Chronister, each of whom our Board of Directors has determined to be financially literate. Our Board of Directors has determined that Mr. Raih and Mr. Chronister both qualify as audit committee financial experts and are both independent under the standards of the New York Stock Exchange and SEC regulations. The Audit Committee oversees, reviews, acts on and reports on various auditing and accounting matters to our Board of Directors, including: the selection of our independent accountants, the scope of our annual audits, fees to be paid to our independent accountants, the performance of our independent accountants and our accounting and reporting practices and processes. In addition, the Audit Committee oversees our compliance programs relating to legal and regulatory requirements. The Audit Committee held four meetings during 2011. Additional information regarding the functions performed by the Audit Committee is set forth in the "Audit Committee Report" included herein.

Compensation Committee

The members of our Compensation Committee are Messrs. Carty (Chairman), Neveu and Overbergen. The Board of Directors has determined that Messrs. Neveu and Overbergen are independent under SEC regulations and the standards of the NYSE. The Compensation Committee establishes salaries, incentives and other forms of compensation for our officers and other employees. The Compensation Committee also administers our incentive compensation and benefit plans. The Board of Directors has delegated to the Compensation Committee all authority of the Board of Directors as may be required or advisable to fulfill the purposes of the Compensation Committee as set forth in the Compensation Committee's charter. The Compensation Committee may form and delegate authority to subcommittees comprised of members of the Compensation Committee. Meetings may, at the discretion of the Compensation Committee, include members of the Company's management, other members of the Board of Directors, consultants or advisors, and such other persons as the Compensation Committee or its Chairman may determine. Additional information regarding the functions performed by the Compensation Committee is set forth in the "Compensation Discussion and Analysis" section included herein. The Compensation Committee held five meetings during 2011.

Nominating and Corporate Governance Committee

The members of our Nominating and Governance Committee are Messrs. Carty (Chairman), Raih and Chronister. Our Board of Directors has determined that Messrs. Chronister and Raih are independent under SEC regulations and the standards of the NYSE. The Nominating and Governance Committee identifies, evaluates and recommends qualified nominees to serve on our Board of Directors, develops and oversees our internal corporate governance processes and maintains a management succession plan. Additional information regarding the functions performed by the Nominating and Governance Committee is set forth in the "Stockholder Proposals; Identification of Director Candidates" section included herein. The Nominating and Governance Committee was formed in connection with the initial public offering of our common stock on December 15, 2011 (our "IPO") and did not hold any meetings during 2011.

Reserve Committee

The members of the reserve committee are Messrs. Chronister (Chairman), Carty and Overbergen. Our Reserve Committee oversees, reviews, acts on and reports to the Board of Directors on matters regarding our reserve engineering reports and reserve engineers. Our Reserve Committee is responsible for (i) the integrity of our reserve reports, (ii) determinations regarding the qualifications and independence of our independent reserve engineers, (iii) the performance of our independent reserve engineers and (iv) our compliance with certain legal and regulatory requirements. The Reserve Committee met once in 2011.

Environmental Safety and Regulatory Compliance Committee

The members of the environmental safety & regulatory compliance ("ES&RC") Committee are Messrs. Chronister (Chairman), Neveu and Grove. Our ES&RC Committee's primary purpose is to assist our Board of Directors in fulfilling our responsibilities to provide global oversight and support of the Company's environmental safety, regulatory and compliance policies, programs and initiatives. In carrying out its responsibilities, the ES&RC Committee reviews the status of our health, safety and environmental performance, including processes monitoring and reporting on compliance with internal policies and goals and applicable laws and regulations. The ES&RC Committee met twice in 2011.

EXECUTIVE COMPENSATION AND OTHER INFORMATION

Compensation Discussion and Analysis

This compensation discussion and analysis, or CD&A, provides information about our compensation objectives and policies for our principal executive officer, our principal financial officer and our other three most highly compensated executive officers at the end of the last completed fiscal year, and is intended to place in perspective the information contained in the executive compensation tables that follow this discussion. This CD&A provides a general description of our compensation program and information about its various components.

Throughout this discussion, the following individuals are referred to as the "named executive officers" and are included in the Summary Compensation Table:

- Michael R. Starzer, President and Chief Executive Officer;
- James R. Casperson, Executive Vice President and Chief Financial Officer;

Gary A. Grove, Executive Vice President Engineering and Planning and Interim Chief Operating Officer;

Patrick A. Graham, Executive Vice President Corporate Development;

Steven R. Enger, our former Executive Vice President and Chief Financial Officer;

Steven B. Wilson, our former Vice President and Chief Accounting Officer; and

C. Stephen Black, our former Executive Vice President and Chief Operating Officer.

Although the information presented in this CD&A focuses on our fiscal year 2011, we also describe compensation actions taken before or after fiscal year 2011 to the extent such discussion enhances the understanding of our executive compensation disclosure.

Compensation Program Philosophy and Objectives

At Bonanza Creek, we view our employees as an investment for the future. We invest in our people for the future opportunity to continue to grow our business and deliver more value to our stockholders. The objective of our compensation program is to attract, retain and motivate the most qualified individuals in the oil and gas industry whom we can identify and recruit. We design our compensation program to reward employees for performance that creates long-term stockholder value by successfully implementing our long-term strategy and achieving our short-term goals. We strive to create a compensation program that encourages long-term value creation by tying individual compensation to the attainment of our annual performance targets while acknowledging and fostering the unique qualifications, skills, experience and responsibilities of each individual.

Prior to 2011, as a private company, we did not have a compensation committee, compensation consultant or formally set peer group, however, our compensation was set based on our Board of Directors' and management's assessment of a variety of factors. In 2011, in connection with the establishment of our Compensation Committee, the Compensation Committee engaged the services of Longnecker & Associates (the "Compensation Consultant"). The Compensation Committee has the sole authority to retain, amend the engagement with and terminate any compensation consultant to be used to assist in the evaluation of director or executive officer compensation. The Compensation Committee has sole authority to approve the Compensation Consultant's fees and other retention terms and has authority to cause the Company to pay the fees and expenses of the Compensation Consultant. Among the services the Compensation Consultant was asked to perform was providing the Compensation Committee with an analysis of our executive compensation programs, including total direct compensation comprised of base salary, annual incentive and long-term incentive compensation, in order to assess the competitiveness of our programs and to provide conclusions and recommendations. The Compensation Consultant does not provide any other services to the Company or advice on matters unrelated to executive and independent director compensation.

In 2011, utilizing data obtained from the Compensation Consultant, we established formal compensation standards for our executive officers using compensation levels at or near the market midpoint, or 50th percentile, as a guideline in establishing our compensation levels, although we may deviate from the 50th percentile for individual considerations such as experience, performance, tenure and job responsibilities. The Compensation Consultant determines "market" by the average of (i) compensation data for our peer group and (ii) compensation data from published surveys. Consistent with our philosophy of setting compensation levels at or near the market 50th percentile, we intend to utilize our newly adopted Long-term Incentive Plan, or LTIP, starting in 2012. See "Elements of Compensation and Why We Pay Each Element Long-term Incentives" below. Under the LTIP, we expect that a significant portion of our named executive officers' overall compensation will be made up of long-term incentives.

Setting Executive Officer Compensation

The Role of Our Compensation Committee: Prior to 2011, as a private company, our Board of Directors and management set executive officer compensation taking into account a variety of factors, including industry information and performance, an individual's rank, tenure, experience and job responsibilities and the performance of our Company. Our Board of Directors established the Compensation Committee in March 2011 and authorized the Compensation Committee to review and propose for approval by our Board of Directors the compensation for our executive officers. Our Compensation Committee (i) oversees our compensation programs on behalf of our Board of Directors; (ii) is responsible for proposing programs for approval by our Board of Directors that attract, retain and motivate qualified executive-level talent; and (iii) monitors our compensation programs and strives to ensure that the total compensation paid to the named executive officers is fair, reasonable and competitive with that provided to executive officers serving in similar roles and with similar responsibilities in other U.S. publicly traded energy companies. Our Chief Executive Officer and President makes proposals to our Compensation Committee regarding the compensation of our other executive officers.

The Role of the Compensation Consultant: In 2011, the Compensation Consultant was engaged on behalf of the Compensation Committee as our Compensation Committee's independent compensation consultant. Our Compensation Committee felt it was beneficial to have an independent third-party analysis to assist in evaluating and setting executive compensation. Our Compensation Committee chose the Compensation Consultant because our Compensation Committee believes the Compensation Consultant has extensive experience in providing executive compensation advice, including specific experience in the oil and gas industry. The Compensation Consultant provided our Compensation Committee with an analysis of our executive compensation programs, including total direct compensation comprised of base salary, annual incentive and long-term incentive compensation, in order to assess the competitiveness of our programs and to provide conclusions and recommendations. For the fiscal year 2011, our Compensation Committee took into consideration the discussions, guidance and compensation studies produced by the Compensation Consultant to make compensation decisions. The Compensation Consultant does not provide to us any services or advice on matters unrelated to executive and independent director compensation and reports to and takes direction from our Compensation Committee, which has the authority to engage or terminate the Compensation Consultant in its discretion. Our Compensation Committee has determined that the advice provided by the Compensation Consultant relating to executive compensation was free from any relationships that could impair the professional advice or compromise the integrity of the information or data provided to our Compensation Committee.

Competitive Benchmarking and Peer Group: Our Compensation Committee considers competitive industry data in making executive pay determinations. Pursuant to our Compensation Committee's decision to maintain a peer group for compensation purposes and in view of evolving industry and competitive conditions, the Compensation Consultant proposed certain peer group companies for our Compensation Committee's review. After discussions with the Compensation Consultant and reviewing the Compensation Consultant's recommendation of a peer group based on companies with annual revenue, assets and net income similar to ours, taking into account geographic footprint and employee count, our Compensation Committee determined that the peer group listed below was the most appropriate for purposes of executive compensation analyses for 2011. The Compensation Consultant compiled compensation data for the peer group from a variety of sources, including proxy statements and other publicly filed documents and also compiled published survey compensation data from multiple sources, including the Economic Research Institute, Mercer and Towers Watson. This compensation data was then used to compare the compensation of our named executive officers to our peer group where the peer group had individuals serving in similar positions and to the market.

2011 Peer Group:

Brigham Exploration Company	Contango Oil & Gas Company
Endeavour International Corporation	GeoResources, Inc.
Gulfport Energy Corporation	Oasis Petroleum Inc.
PetroQuest Energy, Inc.	Ram Energy Resources, Inc.
Resolute Energy Corporation	Rex Energy Corporation
Warren Resources, Inc.	

While the Compensation Consultant makes recommendations to our Compensation Committee on compensation, our Compensation Committee and Board of Directors have full discretion to act and implement compensation decisions independent of the Compensation Consultant's recommendations.

Elements of Our Compensation and Why We Pay Each Element

Our Compensation Committee, assisted by the Compensation Consultant, has developed and continues to develop compensation programs that provide our named executive officers with an overall compensation package suitable to executives of a similarly situated publicly traded company, subject to approval by our Board of Directors. With respect to our named executive officers, our Compensation Committee designs these programs to consist of five elements: base salary, annual performance-based cash incentive compensation, equity-based compensation, severance and change-in-control benefits and other employee benefits.

Base Salary. Base salary is the fixed annual compensation we pay to each of our named executive officers for carrying out their specific job responsibilities. Base salaries are a major component of the total annual cash compensation paid to our named executive officers and are an important element in the recruitment and retention of all of our employees including our named executive officers. Base salaries are determined after taking into account many factors, including the following:

- the responsibilities of the officer, the level of experience and expertise required for the position and the strategic impact of the position;
- the need to recognize each officer's unique value and demonstrated individual contribution, as well as future contributions;
- provide executives with sufficient, regularly-paid income; and
- salaries paid for comparable positions in similarly-situated companies.

In 2011, the Compensation Consultant provided our Compensation Committee with an analysis of the base salaries paid to our executive officers in 2010 in comparison to comparable market salaries. Based on the Compensation Consultant's analysis, our Compensation Committee concluded that the base salaries of certain of our named executive officers were at or near the market 25th percentile, which is below the market benchmark that our Compensation Committee has determined to be the level necessary to remain competitive with other companies in our peer group. Accordingly, in 2011, our Compensation Committee recommended, and our Board of Directors approved, an increase in the base salaries of certain of our named executive officers. Effective as of June 1, 2011, (i) Mr. Starzer's base salary was increased to $326,000 from $275,000, (ii) Mr. Grove's base salary was increased to $240,000 from $225,000 and (iii) Mr. Graham's base salary was increased from $180,000 to

$215,000.

In 2012, following our IPO, our Compensation Committee revisited the base salaries of Messrs. Starzer and Graham who were between the 25th and 50th percentiles of the 2011 survey performed by the Compensation Consultant. Effective March 6, 2012, Mr. Starzer's salary was increased to $350,000 and Mr. Graham's to $237,800.

Annual Performance-Based Cash Incentive Awards. All of our employees, including our named executive officers, are eligible to receive performance-based cash bonuses. Prior to our IPO, our bonuses were discretionary and management utilized the aggregate bonus levels paid out by our peers relative to the EBITDAX levels generated each year by those peers as a comparative tool to recommend aggregate bonus levels to our Board of Directors for approval. In lieu of an annual 2010 bonus, in early 2011, we paid a $500,000 aggregate bonus to all of our employees including eligible executive officers, in connection with a corporate restructuring of our Company and acquisition of Holmes Eastern Company, LLC. Bonus amounts for this transaction bonus were determined based on each employee's contribution, as determined by management and our Board of Directors, to the corporate restructuring and acquisition and as a percentage of their 2010 salary. With respect to this $500,000 transaction bonus, Mr. Starzer received $58,000, Mr. Black received $56,000, Mr. Grove received $58,000, Mr. Graham received $38,000 and Mr. Wilson received $20,000.

Our Compensation Committee is currently designing, and we expect will propose for approval by our Board of Directors, an annual performance-based cash incentive, or bonus plan, for fiscal 2012. We expect that the plan proposed by the Compensation Committee will provide for variable cash compensation earned when established performance objectives are achieved. Such a plan will likely be designed to reward plan participants, including the named executive officers, who have achieved certain corporate and individual performance objectives. Performance criteria may include operational, financial and other performance measures, such as production, capital spending, and individual job-related targets as determined, in the case of our executive officers, at the discretion of our Compensation Committee and our Board of Directors.

This cash bonus plan will be included as part of our compensation program because we believe this element of compensation will help us to:

- attract and retain executive talent;
- motivate management to achieve key short-term corporate goals; and
- align executives' interests with stockholders' interests.

Long-Term Equity-Based Incentives.

Employee Shares. In connection with the dissolution of our predecessor, BCEC, certain shares of our former Class A Common Stock held by BCEC were transferred to Bonanza Creek Employee Holdings, LLC ("BCEH"), an entity managed by Mr. Starzer and Mr. Grove. These shares, which we refer to as the "Employee Shares", were intended to be granted to employees but were held by BCEH in order to defer any tax liability resulting from their issuance to employees until a liquid market in our shares of common stock existed. Messrs. Black and Wilson were issued Employee Shares in connection with their resignations and, prior to the closing of the IPO, the remaining shares were issued to certain employees of the Company. Immediately prior to the closing of the IPO, all Employee Shares were converted from Class A Common Stock to common stock of the Company.

Class B Common Stock. In 2010, we adopted a Management Incentive Plan, which we refer to as the MIP. Under the MIP, 10,000 shares of our former Class B Common Stock were reserved for issuance in connection with restricted stock awards to our management and employees. On December 23, 2010, restricted shares of our former Class B Common Stock were granted to Messrs. Starzer, Graham and Grove. Mr. Casperson received a grant of our former Class B Common Stock in connection with the commencement of his employment. Grants of our former Class B Common Stock to Messrs. Black and Enger were forfeited upon their respective separation from the Company. As a result of our IPO, Class B Common Stock converted into our former Class A Common Stock and was exchanged for our common stock. These shares are subject to a three-year vesting period commencing upon the closing of our IPO, whereby such shares vests in one-third increments annually, provided that such individual remains employed by the Company. We feel that the vesting provisions are sufficient to encourage our senior management to produce long-term stockholder value. The MIP was terminated in connection with our IPO such that no further grants will be made under the MIP.

Long Term Incentive Plan. Our Board of Directors and stockholders have approved a Long Term Incentive Plan, or LTIP. The LTIP is intended to replace the MIP for future grants of equity incentives. The purpose of our LTIP is to attract and retain the best available personnel for positions of substantial responsibility, to provide additional incentives to our employees, directors and consultants, and to promote the success and growth of our business. The LTIP provides for grants of (i) incentive stock options qualified as such under U.S. federal income tax laws, (ii) stock options that do not qualify as incentive stock options, (iii) stock appreciation rights ("SARs"), (iv) restricted stock awards, (v) restricted stock units, (vi) unrestricted stock awards, (vii) dividend equivalent rights, (h) performance awards and (i) annual incentive awards.

Our Compensation Committee believes long-term incentive-based equity compensation is an important component of our overall compensation program because it:

- rewards the achievement of our long-term goals;
- aligns our executives' interests with the long-term interests of our stockholders;
- encourages executive retention; and
- conserves our cash resources.

In determining awards made under our LTIP, our Compensation Committee reviews the CEO's recommendations for executive officers other than our CEO and, with respect to the CEO, the Compensation Committee's own determination, compared against the Compensation Consultant's market analysis to determine the appropriate amount of equity to grant to such executive officers based on market data while also taking into consideration the Company's performance and individual performance and retention concerns. Participation in our LTIP is subject to certain restrictions. Our compensation philosophy is to use the market 50th percentile as a guideline in terms of setting long-term incentive compensation, subject to appropriate adjustment for retention and performance factors, in order to attract, motivate and retain high caliber executive talent, while aligning executives' interests with those of our stockholders.

Our LTIP is administered by our Compensation Committee, subject to the ultimate authority of our Board of Directors, which has full power and authority to take all actions and to make all determinations required or provided for under the LTIP, including designation of grantees, determination of types of awards, determination of the number of shares of common stock subject an award and establishment of the terms and conditions of awards. Our Board of Directors may amend, modify or supplement any award, provided that the grantee of such award must consent to any such amendment, modification or supplement that impairs the grantee's rights under the award. Awards under our LTIP may be made to (i) any employees, officers, directors or certain consultants of us or our affiliates, as our Board of Directors or Compensation Committee may designate; (ii) any director who is not an officer or employee of the Company; and (iii) any other individual whose participation in our LTIP is determined by our Board of Directors or Compensation Committee to be in our best interests. An eligible person may receive more than one award.

2,500,000 shares of our common stock are available for issuance under our LTIP. The number of shares issued or reserved pursuant to our LTIP is subject to adjustment as a result of certain mergers, exchanges or other changes in our common stock. For so long as we are a reporting company and after the reliance period under Section 162(m) of the Code has expired, we may award per calendar year up to (i) 250,000 shares of common stock subject to stock options or SARs and (ii) 250,000 shares of common stock other than pursuant to stock options or SARs to any single grantee. We may award to any single grantee up to $2.5 million per calendar year as an annual incentive award and up to $2.5 million per performance period as a performance award or other cash award.

Other Employee Benefits: We expect that the named executive officers will continue to be eligible for the same health, welfare and other employee benefits available to our employees generally, including medical and dental insurance, short and long-term disability benefits and a 401(k) plan that includes Company matching of an employee's contributions of up to 6% of each employee's cash earnings.

Employment Agreement and Severance and Change in Control Agreements

In 2010, we amended and restated the employment agreements with Messrs. Starzer, Grove, Graham and Black to provide for participation in the MIP. Mr. Casperson and Mr. Enger entered into a similar employment agreement in connection with their respective employment. Upon termination of employment by us without cause, by the named executive officer for good reason, due to permanent disability of the named executive officer or upon resignation in connection with a change in control of our company, such officer is entitled to (i) an immediate cash payment equal to 12 months base salary; (ii) a cash payment made within 70 days of termination, equal to 12 months base salary plus 200% of the two-year average annual bonuses paid to such officer; and (iii) for 18 months following termination, monthly reimbursement of the difference between such officer's COBRA premiums and the amount our active senior executive employees pay for the same or similar coverage under our group health plan. Such named executive officers are entitled to receive these severance benefits only upon executing a general release. These employment agreements include 2 year post-termination non-competition and non-solicitation clauses. Mr. Wilson's employment agreement provided for base salary, participation in our benefit plans, paid vacation and reimbursement of reasonable business expenses as well as 12 months base salary in a lump sum as severance in the event of a termination of his employment by us without cause, by him for good reason, due to permanent disability or upon resignation in connection with a change of control of our company.

We believe that the employment agreements we have with our named executive officers are appropriate because we believe that the interests of our stockholders are best served if we provide separation benefits to eliminate, or at least reduce, the reluctance of executive officers and other key employees to pursue potential corporate transactions that may be in the best interests of our stockholders, but that may have resulting adverse consequences to the employment situations of our executive officers and other key employees. Further, these agreements ensure an understanding of what benefits are to be paid in the event of termination of employment in certain specified circumstances, including in connection with a change in control.

Stock Ownership Guidelines

Stock ownership guidelines have not been implemented for our named executive officers or directors. We will continue to periodically review best practices and reevaluate our position with respect to stock ownership guidelines in the future.

Accounting and Tax Considerations

Section 162(m) of the Code

Under Section 162(m) of the Internal Revenue Code of 1986, as amended, or the Code, a limitation was placed on tax deductions of any publicly-held corporation for individual compensation to certain executives of such corporation exceeding $1,000,000 in any taxable year, unless the compensation is performance-based. Certain exceptions to the deductibility limitation apply for a limited period of time in the case of companies that become publicly-traded through an initial public offering, assuming certain conditions are satisfied. We expect that compensation payable with respect to awards granted under the LTIP during this limited period will fit within that exception. With respect to our other compensation arrangements, to the extent such arrangements are not eligible to the foregoing exception, we reserve the right to use our judgment to authorize compensation payments that do not comply with the performance-based compensation exemption in Section 162(m) of the Code when we believe that such payments are appropriate and in the best interest of our stockholders, after taking into consideration changing business conditions or the executive's individual performance and/or changes in specific job duties and responsibilities. During 2011, none of our executive officers received salary, bonus, vesting of restricted stock or other compensation that, in the aggregate, exceeded the tax deductible limitations under Section 162(m).

Section 409A of the Code

Section 409A of the Code requires that "nonqualified deferred compensation" be deferred and paid under plans or arrangements that satisfy the requirements of the statute with respect to the timing of deferral elections, timing of payments and certain other matters. Failure to satisfy these requirements can expose employees and other service providers to accelerated income tax liabilities and penalty taxes and interest on their vested compensation under such plans. Accordingly, as a general matter, it is our intention to design and administer our compensation and benefits plans and arrangements for all of our employees and other service providers, including our named executive officers, so that they are either exempt from, or satisfy the requirements of, Section 409A of the Code.

Section 280G of the Code

Section 280G of the Code disallows a tax deduction with respect to excess parachute payments to certain executives of companies which undergo a change in control. In addition, Section 4999 of the Code imposes a 20% excise tax on the individual with respect to the excess parachute payment. Parachute payments are compensation linked to or triggered by a change in control and may include, but are not limited to, bonus payments, severance payments, certain fringe benefits, and payments and acceleration of vesting from long-term incentive plans including stock options and other equity-based compensation. Excess parachute payments are parachute payments that exceed a threshold determined under Section 280G of the Code based on the executive's prior compensation. In approving the compensation arrangements for our named executive officers in the future, our Compensation Committee will consider all elements of the cost to the company of providing such compensation, including the potential impact of Section 280G of the Code. However, our Compensation Committee may, in its judgment, authorize compensation arrangements that could give rise to loss of deductibility under Section 280G of the Code and the imposition of excise taxes under Section 4999 of the Code when it believes that such arrangements are appropriate to attract and retain executive talent.

Our arrangements with our executive officers do not provide a "gross-up" or other reimbursement payment for any tax liability that such officer might owe as a result of the application of Sections 280G, 4999, or 409A of the Code and we have not agreed and are not otherwise obligated to provide any named executive officers with such a "gross-up" or other reimbursement. Our arrangements generally provide that if any payments constitute "parachute payments" (as defined under Section 280G of the Code), then such payment may be reduced so that such payment is less than the limitation under Section 280G or paid in full, whichever produces the better after tax result for the executive officer.

Accounting Standards

Financial Accounting Standards Board (FASB) Accounting Standards Codification, Topic 718, "Compensation Stock Compensation" (ASC Topic 718) requires us to recognize an expense for the fair value of equity-based compensation awards. Grants of stock options, restricted stock and other equity-based awards are accounted for under ASC Topic 718. Our Compensation Committee regularly considers the accounting implications of significant compensation decisions, especially in connection with decisions that relate to our equity incentive award plans and programs. As accounting standards change, we may revise certain programs to appropriately align accounting expenses of our equity awards with our overall executive compensation philosophy and objectives.

Summary Compensation Table

The following table shows information concerning the annual compensation for services provided to us by our named executive officers during the fiscal years ended December 31, 2011, 2010 and 2009.

Name and Principal Position	Year	Salary	Bonus(1)	Stock Awards(2)	All Other Compensation(3)	Total
Michael R. Starzer	2011	$ 304,429	$ 58,000		$ 12,910	$ 375,339
President and Chief Executive	2010	$ 275,018	$ 4,000	$ 4,000	$ 9,923	$ 292,941
Officer	2009	$ 271,654	$ 6,875		$ 11,306	$ 289,835
James R. Casperson						
	2011	$ 40,000(4)		$ 446,573(5)	$ 1,211	$ 487,784
Executive Vice President and Chief Financial Officer						
Gary A. Grove						
	2011	$ 234,237	$ 61,000		$ 13,911	$ 309,148
Executive Vice President	2010	$ 225,014	$ 15,192	$ 3,200	$ 14,197	$ 257,603
Engineering and Planning and Interim Chief Operating Officer	2009	$ 222,262	$ 15,000			